



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

April 19, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**TEN-YEAR LEASE
DEPARTMENT OF HEALTH SERVICES
600 SOUTH COMMONWEALTH AVENUE, LOS ANGELES
(SECOND DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached ten-year lease, with Commonwealth Enterprises (Landlord), for 103,300 square feet of office space, with parking for 414 vehicles included in the base rent, for the Department of Health Services (DHS), Office of AIDS Programs and Policy (OAPP), the HIV Epidemiology Program (HEP) and Maternal, Child, and Adolescent Health Programs (MCAH) at an initial annual combined cost of \$2,471,634, including all parking and repayment of Tenant Improvements (TI). Costs are 100 percent offset by subvention funding.
2. Find that the lease renewal is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Authorize the Chief Administrative Officer (CAO) and DHS to reimburse the Lessor for additional TI and Discretionary TI (DTI) not to exceed \$1,800,225 payable in a lump sum or amortized at six percent over the ten-year term of the lease.
4. Authorize the CAO to acquire financing for furniture systems for DHS at a cost not to exceed \$1,500,000, amortized at a maximum of seven percent over a 60-month period, or \$356,422 annually.

5. Authorize the Landlord and/or Director of Internal Services Department (ISD), at the discretion of the CAO, to acquire a telephone system for DHS at a cost not to exceed \$800,000. At the discretion of the CAO, all or part of the telephone, data, and low voltage systems may be paid in lump sum or financed over a 60-month term not to exceed \$183,371 per year, in addition to other TI allowances.
6. Approve the project and authorize the CAO, ISD, and DHS to implement the project. The lease renewal will be effective upon approval by your Board and acceptance of the TI by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The facility provides the needed space for DHS/OAPP to relocate a total of 302 staff from 35,563 square feet of space they currently occupy on the 2nd and 6th floors of the existing building at 600 South Commonwealth Avenue, Los Angeles to the 7th, 9th, 10th and 11th floors of the same building. HEP and MCAH will retain the existing space they occupy in the building, additionally HEP will increase their space on the 19th floor by 1,291 square feet by the addition of two separate restrooms and common area hallway. Relocating and consolidating the OAPP staff into more contiguous space will reduce overcrowding and improve delivery of services within a more centralized location in the building.

The proposed ten-year lease will consolidate three existing leases under a new lease with renegotiated terms and conditions. The proposed lease will allow DHS to continue its operation at the subject facility for ten years commencing upon and the acceptance by the County of the TI and termination of the existing leases.

The proposed lease totaling 103,300 rentable square feet consist of the following premises areas and square footage:

Area	Program	Square Feet
Premises No. 1 (floors 12,19)	HEP	13,674 includes new bathroom/and common area
Premises No. 2 (floor 8)	MCAH	17,617
Premises No. 3 (floors 7,9,10,11)	OAPP	72,009

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. This proposed lease supports this strategy by complying with the Strategic Asset Management Principles (Goal 4). In this case, we are re-leasing space for the DHS in order to maximize Federal and State funding by housing subvended programs in leased space, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual cost of this lease renewal will initially be \$2,471,634 provided the DTI is not utilized. The monthly base rent is subject to annual adjustments of the previous year's base rent capped at four percent.

	Current Lease Premises 1 No. 74491* & No. 71062*	Current Lease Premises 2 No. 60365*	Current Lease Premises 3 No. 60365*	New Lease	Change
Area	12,383 sq. ft.	17,617 sq. ft.	35,563 sq. ft.	103,300 sq.ft.	+ 37,737sq. ft.*
Term	Suite 1260 (8/1/03-7/1/13) Suites 1910/1920 Month-to-month**	2/16/00- 2/15/05 holdover since 2/15/2005	2/16/00- 2/15/05 holdover 2/15/2005	Ten years	+Ten years
Annual Base Rent	\$80,304 \$38,144	\$295,965	\$597,459	\$1,923,345***	+911,473
Additional Parking in base rent	17 parking spaces \$13,460 annually		250 parking included in rent	Parking for 414 vehicles included in lease	+147 parking spaces -\$13,460 for 17 spaces
Tenant Improvements (TI) in base rent for OAPP	\$25,000 included in Base Rent	None	None	\$2,520,315 (\$35 sq ft for 72,009 sq ft of space being built out for OAPP).	\$2,520,315 plus carpet and paint on the 8 th and 19 th floors and installation of HVAC for after hours on the 7 th , 9 th , 10 th & 11 th floors
Additional TI for OAPP				\$1,440,180	+\$1,440,180
Discretionary TI for OAPP				\$360,045	+ \$360,045
Option	One 5-year term	None	None	One 5-year option	+ 5 years
Cancellation	Anytime with 60 days prior written notice	After 5 years on 60 days notice	After 5 years on 60 days notice	See column which follows	Premises No. 1 anytime after June 2006 on 60 days prior written notice Premises Nos. 2 & 3 after the 5 th year within a 90 day window

- * 1,291 sq. ft. on the 19th floor (two restrooms and common hallway), 35,155 sq. ft. additional space for OAPP.
- ** Leases will be terminated upon approval by the Board of Supervisors of the new consolidated lease and acceptance of the TI by the County.
- *** The rate is on a full-service basis. The base rent does not include the cost of separately metered electrical use for special air conditioning installed for 7th, 9th, 10th and 11th floors. If the Discretionary TI is not used the maximum first year rent would equal \$2,471,634, which includes base rent, all parking, storage areas and \$191,867 in annual repayment of \$1,440,180 Additional TI amortized at six percent over a ten-year term and \$356,422 repayment of \$1,500,000 additional new furniture TI amortized at seven percent over a five-year term. If all the Discretionary TI is used add an additional \$47,966 to the maximum first year rent bringing the first year total to \$2,519,600.

The monthly base rent which totals \$1.55 per square foot per month consist of a blended rate of Premises Nos. 1, 2 and 3 which includes amortized TI for the 12th floor under Lease No. 74491, Premises No. 1.

Sufficient funding for the proposed lease is included in the 2004-2005 DHS Rent Expense Budget and will be charged back to DHS. Sufficient funding will be proposed in the 2005-06 rent budget to cover the proposed lease costs. All costs associated with the proposed lease are offset 66 percent by Federal funds and 34 percent State funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

OAPP, HEP and MCAH are administrative and direct service programs. They are briefly described below:

- OAPP coordinates DHS' overall response to HIV/AIDS in Los Angeles County in cooperation with community-based organizations, governmental bodies, advocates, and people living with HIV/AIDS. It also sets the standard of care for HIV/AIDS-related health and human services provided Countywide. OAPP administers a budget of approximately \$90 million and manages approximately 350 contracts with a network of 125 community-based organizations and services to DHS providers and other County Departments in the area of recertification training, curricula/material review and development, and technical assistance.
- HEP is responsible for the reporting of HIV/AIDS population based surveillance and sero-incidence studies throughout Los Angeles County.
- MCAH is responsible for planning, implementing and evaluating services that address the priority needs of pregnant and parenting women, children, adolescents, and their families in Los Angeles County.

The proposed lease will allow OAPP to relocate a total of 302 staff from 35,563 square feet of space they currently occupy on the 2nd and 6th floors to the 7th, 9th, 10th and 11th floors of the building. HEP will retain the existing space they occupy on the 12th and 19th floors and will increase their space on the 19th floor by 1,291 square feet by the addition of two separate restrooms and common area hallway. MCAH will retain the space they currently occupy on the 8th floor.

The proposed ten-year lease provides 103,300 rentable square feet of office space with parking for 414 vehicles and contains the following provisions:

- Full-service gross lease, whereby Landlord pays for all operating costs associated with the County's occupancy excluding separately metered electrical use for special after hours air-conditioning installed by Landlord for DHS/OAPP.
- New term commences upon completion and acceptance of the TI by the County at which time the existing leases will be terminated.
- Lease provides an annual Consumer Price Index adjustment of the previous year's base rent capped at four percent.
- Landlord is required, at his sole cost, to install an access ramp at the front entrance of the building in compliance with Title II of the Americans with Disabilities Act. Additionally, Landlord, at its sole cost, will install additional HVAC on the 7th, 9th, 10th and 11th floors for after hours use and will paint and carpet the entire 8th floor and Suites 1910 and 1920, and will install two separate restrooms on the 19th floor.
- As part of the base rent Landlord will provide TI of \$ 2,520,315 or \$35 per square foot on the 72,009 rentable square feet of space which will be built out for OAPP on the 7th, 9th, 10th and 11th floors.
- Landlord will provide Additional TI and DTI up to a maximum of \$1,800,225 which will be amortized at six percent over a 120-month term and repaid through the rent budget. County may at anytime during the lease term pay Lessor all or any portion of the TI cost without penalty and reduce the amount payable monthly.
- A cancellation provision is provided for Premises No. 1 (Lease No.74491 and Lease No. 71062), at or anytime after June 30, 2006, by giving not less than sixty (60) days prior written notice and by reimbursing the Landlord for unamortized TI costs.
- The County can cancel Premises Nos. 2 and 3 anytime between the 60th and 64th month of the lease term with 120 days prior written notice. If cancellation is exercised for Premises Nos. 2 and 3, Lessee must reimburse the Landlord for unamortized base TI costs, unamortized additional TI costs and the unamortized cost of carpet and paint installed on the eighth floor.

- In addition to staff parking the Landlord will provide 360 visitor parking passes to the department annually.
- Landlord will provide a Furniture Allowance (FA) of up to a maximum of \$1,500,000 which will be payable to Landlord in a lump sum within 25 days after delivery and acceptance of the furniture by the County or the County may opt to finance the FA through lease-purchase financing with a third-party Lessor, amortized at a maximum of seven percent over a 60-month term and repaid through the rent budget.

CAO Real Estate staff surveyed the Wilshire/Vermont area as specified by DHS in order to maintain close proximity within SPA 4. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the surrounding Wilshire/Vermont area and there are no County-owned or leased facilities available for the programs.

Based upon a market survey of similar properties in the Wilshire/Vermont area, staff has determined that the base rental range including parking for similar properties is between \$19.00 and \$24.00 per square foot per year full-service gross. Thus, the \$18.60 base annual rent of the proposed lease renewal represents a market rental rate.

The Department of Public Works inspected this facility for seismic safety and has no objection to occupancy of the premises by the County.

The proposed premises area is in a high rise building and does not provide the necessary space and amenities needed to operate child care center on the premises.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.


IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease renewal is in the best interest of the County. The space allocated to OAPP and HEP adequately provides the necessary space for these County requirements in accordance with your Board's policy on the housing of any County offices or activities. Although the space allocation to MCAH falls significantly below County standards (it is approximately one-third less than adequate to meet County standards for staff), the Department does not believe it could maintain the program at its current level if it had to absorb the additional space costs. Even with the additional parking that we were able to negotiate, parking is somewhat less than the County standard; nevertheless, DHS believes it can adequately serve the staff needs. Thus, this office has agreed to recommend renewal of the existing space, with the additional parking. DHS concurs in this lease renewal recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return amendment and two certified copies of the Minute Order and adopted stamped Board letter to the CAO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,


for DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:TS:hd

Attachments (2)

c: County Counsel
Auditor-Controller
Director of Health Services
Director of Internal Services

HEALTH SERVICES DEPARTMENT
600 SOUTH COMMONWEALTH, LOS ANGELES

Asset Management Principles Compliance Form¹

1. <u>Occupancy</u>		YES	NO	NA
A	Does lease consolidate administrative functions? ²	<input checked="" type="checkbox"/>		
B	Does lease co-locate with other functions to better serve clients? ²	<input checked="" type="checkbox"/>		
C	Does this lease centralize business support functions? ²			<input checked="" type="checkbox"/>
D	Does lease meet the guideline of 200 sf. of space per person? ² Approx. 1/195	<input checked="" type="checkbox"/>		
2. <u>Capital</u>				
A	Should program be in leased space to maximize State/Federal funding?	<input checked="" type="checkbox"/>		
B	If not, is this a long term County program?			<input checked="" type="checkbox"/>
C	Is it a net County cost (NCC) program? List % NCC 0%		<input checked="" type="checkbox"/>	
D	If yes to 2 B or C; Is this a capital lease or operating lease with an option ?			<input checked="" type="checkbox"/>
E	If no, are there any suitable County owned facilities available?			<input checked="" type="checkbox"/>
F	If yes, why is lease being recommended over occupancy in County owned space?			<input checked="" type="checkbox"/>
G	Is Building Description Report attached as "Attachment B"? ²	<input checked="" type="checkbox"/>		
H	Was build to suit or capital project considered? ² The proposed building is available at a competitive market rate.		<input checked="" type="checkbox"/>	
3. <u>Portfolio Management</u>				
A	Did department utilize CAO Space Request Evaluation(SRE)? ²	<input checked="" type="checkbox"/>		
B	Was the space need justified?	<input checked="" type="checkbox"/>		
C	If a renewal lease, was co-location with other County departments considered?	<input checked="" type="checkbox"/>		
D	Why was this program not co-located?			
	1. The program clientele requires a "stand alone" facility.			
	2. No suitable County occupied properties occupied in project area.			
	3. No County owned facilities available for the project			
	4. Could not get City clearance or approval			
	5. <input checked="" type="checkbox"/> The Program is being co-located			
E	Is lease a full service lease? ²	<input checked="" type="checkbox"/>		
F	Has growth projection been considered in space request?	<input checked="" type="checkbox"/>		
G	Has the Dept. of Public Works completed seismic review/approval?	<input checked="" type="checkbox"/>		
¹ As approved by the Board of Supervisors 11/17/98		<i>Please BOLD any written responses</i>		
² If not, why not?				

Department of Health Services
600 South Commonwealth Avenue, Los Angeles

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65,872	62,578	LEASED	NONE
A532	HEALTH-METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	62,901	56,611	LEASED	NONE
A160	MENTAL HEALTH-HDQRTS OFFICE ANNEX	3160 W 6TH ST, LOS ANGELES 90020	60,800	28,372	LEASED	NONE
A336	SHERIFF – WILSHIRE CENTRE BUILDING	3055 WILSHIRE BLVD, LOS ANGELES 90010	7,755	7,115	LEASED	NONE
A369	DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE	501 SHATTO PL, LOS ANGELES 90020	17,751	15,976	LEASED	NONE
A408	DCFS-THE U S BORAX BUILDING	3075 WILSHIRE BLVD, LOS ANGELES 90010	132,488	105,568	LEASED	NONE
A409	DCSS-WILSHIRE PLAZA BUILDING	3303 WILSHIRE BLVD, LOS ANGELES 90010	4,000	3,900	LEASED	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	62,479	53,176	LEASED	NONE
A425	DCFS-DEPARTMENTAL HEADQUARTERS BLDG	425 SHATTO PL, LOS ANGELES 90020	80,756	76,065	LEASED	NONE
C500	PROBATION-PRETRIAL SERVICES/ BAIL DEVIATION	500 SHATTO PLACE, LOS ANGELES 90020	6,596	5,094	LEASED	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BLDG	3175 W 6TH ST, LOS ANGELES 90020	52,230	42,341	OWNED	NONE
X510	DHS-LESAGE COMPLEX 2 STORY BLDG	510 S VERMONT AVENUE, LOS ANGELES 90020	31,540	24,840	OWNED	NONE
X532	DCSS-LE SAGE COMPLEX 1 STORY BLDG	532 S VERMONT AVE, LOS ANGELES 90020	14,126	10,314	OWNED	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TWR	550 S VERMONT AVENUE, LOS ANGELES 90020-1991	171,651	149,668	OWNED	NONE
Y193	PARKS & RECREATION- HEADQUARTERS BLDG	433 S VERMONT AVENUE, LOS ANGELES 90020	31,862	21,777	OWNED	NONE
B695	DCFS-IMMUNIZATION PRGM/ ENVIRONMENTAL HEALTH	695 S VERMONT AVENUE, LOS ANGELES 90010	14,274	12,847	LEASED	NONE
C660	DPSS-GAIN PROGRAM REG IV/ MEDI-CAL OUTSTATION	2910 W BEVERLY BLVD, LOS ANGELES 90057	120,327	33,635	LEASED	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVENUE, LOS ANGELES 90005	204,019	151,696	LEASED	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62,000	60,140	LEASED	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46,228	42,065	LEASED	NONE
5353	DPSS-METRO SPECIAL DISTRICT OFFICE	2707 S GRAND AVE, LOS ANGELES 90007	115,242	89,650	OWNED	NONE
D015	DPSS-CATHOLIC CHARITIES COMPUTER CENTER	1530 JAMES M. WOOD BLVD, LOS ANGELES 90017	200	200	PERMIT	NONE
6518	THE ADAMS & GRAND BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	215,439	183,874	OWNED	NONE
A388	ALT PUBLIC DEF-WILSHIRE- BIXEL BLDG	1055 WILSHIRE BLVD, LOS ANGELES 90017	6,500	6,175	LEASED	NONE
5266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	303,434	125,469	FINANCED	NONE
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	794,459	441,761	OWNED	NONE
5546	DHS-CENTRAL PUBLIC HEALTH CENTER	241 N FIGUEROA ST, LOS ANGELES 90012	60,924	34,748	OWNED	NONE
A159	DISTRICT ATTORNEY – FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	83,164	79,006	LEASED	NONE
5456	HEALTH SERVICES ADMIN BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	221,359	134,851	OWNED	NONE
0181	KENNETH HAHN HALL OF ADMIN	500 W TEMPLE STREET, LOS ANGELES 90012	958,090	591,457	FINANCED	NONE
3155	THE MUSIC CENTER – DE LISA BUILDING/THE ANNEX	301 N GRAND AVENUE, LOS ANGELES 90012	27,582	17,978	OWNED	NONE
A429	CAO REAL ESTATE DIVISION/	222 S HILL STREET,	29,013	26,082	LEASED	NONE

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
	SERVICE INTEGRATION	LOS ANGELES 90012				
A442	MENTAL HEALTH-LAPD-SMART TEAM OFFICE	419 S SPRING STREET, LOS ANGELES 90013	1,000	1,000	GRATIS USE	NONE
A496	PUBLIC DEFENDER-L.A LAW CENTER BUILDING	207 S BROADWAY, LOS ANGELES 90012	7,100	6,750	LEASED	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER	210 W TEMPLE STREET, LOS ANGELES 90012	1,036,283	399,535	FINANCED	NONE
0156	HALL OF RECORDS	320 W TEMPLE STREET, LOS ANGELES 90012	438,095	258,677	OWNED	NONE
Y013	DPSS-CIVIC CENTER DISTRICT/ GROW CENTER OFFICE	813 E 4 TH PLACE, LOS ANGELES 90013	39,956	25,158	OWNED	NONE
A384	AG COMM/MTS & MEASURES- DOWNTOWN MARKET OFFICE	1320 E OLYMPIC BLVD, LOS ANGELES 90021	776	776	LEASED	NONE
5979	CENTRAL ARRAIGNMENT COURTHOUSE	429 BAUCHET STREET, LOS ANGELES 90012	83,692	30,638	FINANCED	NONE
C863	MED CTR-PATIENT FINANCIAL SERVICES OFFICE	1910 N MAIN STREET, LOS ANGELES 90031	13,300	8,919	LEASED	NONE
5260	CORONER-ADMINISTRATION/ INVESTIGATIONS BLDG	1102 N MISSION BLVD, LOS ANGELES 90033	22,479	14,251	OWNED	NONE
3100	EASTLAKE JUVENILE COURT-1	1601 EASTLAKE AVENUE, LOS ANGELES 90033	47,379	26,024	OWNED	NONE
4799	PW CENTRAL YARD-DIVISION ADMINISTRATION	1525 ALCAZAR STREET, LOS ANGELES 90033	10,438	7,224	OWNED	NONE
C110	MED CTR-EXPENDITURE MANAGEMENT	2064 MARENGO STREET, LOS ANGELES 90033	9,602	7,010	LEASED	NONE
X294	PW CENTRAL YARD-SHOP OFFICE BLDG	2275 ALCAZAR STREET, LOS ANGELES 90033	1,400	1,260	OWNED	NONE
6578	DPSS-METRO EAST AP DISTRICT OFFICE	2855 E OLYMPIC BLVD, LOS ANGELES 90023	63,066	29,220	OWNED	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVENUE, LOS ANGELES 90037	130,000	110,500	LEASED	NONE

DEPARTMENTS:DHS/OFFICE OF AIDS PROGRAMS & POLICY
LESSOR: COMMONWEALTH ENTERPRISES

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COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT

This Lease and Agreement made and entered into in duplicate original this _____ day of January 2005, by and between COMMONWEALTH ENTERPRISES, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee,

WITNESSETH:

1. DESCRIPTION OF PREMISES:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 600 Commonwealth Avenue, Los Angeles, in the County of Los Angeles, State of California, more particularly described on Exhibit A attached hereto and incorporated herein.

The Premises shall consist of:

A) Premises No.1 which is approximately 13,674 rentable square feet consisting of 4,780 rentable square feet known as suite 1260 and 8,894 rentable square feet known as suites 1910 and 1920, a caged storage area located on the 19th floor and eighty eight (88) parking spaces, as described in Paragraph 20 herein.

B) Premises No.2 which is approximately 17,617 rentable square feet consisting of the entire 8th floor, a caged storage area located on the 19th floor and sixty four (64) parking spaces as described in Paragraph 20 herein, and

C) Premises No.3 which is approximately 72,009 rentable square feet consisting of the entire 7th, 9th, 10th and 11th floors, four (4) caged storage areas located on the 19th floor and two hundred sixty two (262) parking spaces, as described in Paragraph 20 herein. Lessor represents that 103,300 total rentable square feet is the maximum amount of square footage leased, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

2. TERM:

A. Original Term :

The term of this Lease shall be for a period of ten (10) years beginning upon completion of improvements by Lessor and acceptance thereof by the Lessee pursuant to paragraph 24. Lessor and Lessee shall promptly execute the "Memorandum of Commencement Date" attached hereto as Exhibit "D" following commencement of the Lease term.

B. Options to Renew:

Lessee shall have the option to renew this Lease for a period of five (5) years under the same terms and conditions. During the option term, Lessee shall continue to pay the Monthly Base Rent as due hereunder, which Monthly Base Rent shall continue to be adjusted in accordance with the terms of Paragraph 27 of the Lease. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than ninety (90) days prior to expiration



of the lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

3. **RENT:**

The Lessee hereby agrees to pay as rent for said demised Premises No.1 during the term the sum of Twenty One Thousand Three Hundred One Dollars and 44/100 Cents (\$21,301.44) per month (\$1.558 per square foot), payable in advance by Auditor's General Warrant. Additionally, reimburse the Lessor for unamortized Tenant improvement costs of \$80,432.25 from lease No. 74491 amortized at 7.25%, reimbursed at \$ 954.14 monthly through July 2013.

The Lessee hereby agrees to pay as rent for said demised Premises No. 2 during the term the sum of Twenty Seven Thousand One Hundred Thirty Dollars and 18/100 Cents (\$27,130.18) per month (\$1.54 per square foot), payable in advance by Auditor's General Warrant.

The Lessee hereby agrees to pay as rent for said demised Premises No. 3 during the term the sum of One Hundred Ten Thousand Eight Hundred Ninety Three Dollars and 00/100 Cents (\$110,893) per month (\$1.54 per square foot), payable in advance by Auditor's General Warrant.

Rental payments totaling \$160,278.76 shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefore for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

4. **USE:**

Lessor agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Lessee as office and community services space for the Department of Health Services, Office of Aids Program and Policy and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Lessee may desire. Normal working hours shall be defined as 6 am until 6 pm Monday through Friday.

5. **CANCELLATION:**

Lessee shall have the right to cancel Premises No. 1 of the lease at or anytime after June 30, 2006, by giving not less than sixty (60) days prior written notice and by reimbursing the Lessor for unamortized Tenant improvement costs of \$80,432.25 amortized at 7.25% over 10 years commencing 8/01/2003, plus prorated portion of \$25,000 in change order costs and reimbursement for demolition costs of \$5,000. Additionally, reimburse Lessor for unamortized cost of the tenant improvements (installation of two (2) restrooms, paint and carpet) installed on the 19th floor.

Lessee shall have the right to cancel Premises No. 2 and Premises No. 3, anytime after the sixtieth (60) month of the lease and before the end of the 64th month only. If cancellation is exercised for Premises No. 2 and Premises No. 3, Lessee must give one hundred twenty (120) days prior written notice to Lessor and reimburse Lessor all of the base tenant improvements amortized over the 10 year term of the lease, the additional tenant improvements and the discretionary tenant improvements amortized at 6% over the 10 year term of the lease and the cost of paint and carpet installed on the 8th floor also amortized over a 10 year term.

6. **HOLDOVER:**

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for two (2) month periods only,



subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than thirty (30) days prior written notice.

7. **DAMAGE OR DESTRUCTION:**

Lessor agrees that should the demised Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy, as determined by Lessee and Lessor mutual consent, then this Lease shall be terminated immediately upon the happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

In the event of any lesser damage by any such cause that results in damage to ten percent (10%) or less of net usable area of the Premises, then Lessor shall commence obtaining bids for the repair and restoration of the Premises within fifteen (15) days of the event which necessitated the repair and restoration. In the event of any such cause which results in damage to more than ten percent (10%) of the net usable area of the Premises, then Lessee shall have the right at its sole reasonable discretion to either surrender the Premises and not be obligated for any further rental under this Lease and Agreement, or to cause Lessor to commence the repair and restoration of the Premises within fifteen (15) days of the event that necessitated the repair and restoration.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Lessor.

Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the leased Premises rendered unusable to Lessee bears to the whole rentable thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Lessee's employees.

8. **TENANT'S FIXTURES:**

Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the demised Premises by the Lessee, or under its authority.

9. **REPAIR, MAINTENANCE AND REPLACEMENT:**

Lessor agrees to repair, maintain and replace as necessary at Lessor's own expense the entire interior and exterior of the Premises except damage caused by Lessee, Lessee's agents, or invitees. Lessor's responsibility shall include, but not be limited to the sewer system, the grounds, parking spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping and provision of adequate lighting, as applicable), fire extinguishers, lamps and tubes, exposed plumbing, floor coverings, interior painting, windows and window coverings



and other repairs of a non-structural nature and the basic structure. Basic structure is agreed to include: all permanent exterior and interior walls (excluding glass doors), floors and ceilings, roof, concealed plumbing, concealed electrical systems, and maintenance of the heating, and ventilating and air conditioning system including replacement of system components as required. As part of Lessor's responsibilities for maintaining the Premises, Lessor shall furnish janitorial services and supplies, including restroom supplies, as described in Exhibit B. Additionally, should Lessee desire exclusive use of a day porter, a day porter will be provided by the landlord at a mutually agreed upon monthly fee which will be reimbursed to landlord as additional rent.

A. **Failure to Repair**

In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Section Paragraph 9 herein within five (5) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee may send a second ten (10) day written notice to commence the repair, replacement or maintenance work required by Section Paragraph 9 herein. If after the second written notice Lessor fails or neglects or refuses to pursue said replacement or maintenance work with reasonable diligence to completion or place a purchase order for completion the Lessee at its reasonable discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its reasonable discretion may withhold the rent and shall not be liable for any further rental under this Lease and Agreement until such time as the work is completed and accepted as completed by the Lessee.

B. **Replacement**

In the event that items specified in Paragraph 9 wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items at its own expense, subject to the provisions of Paragraph 7.

10. **UTILITIES:**

Lessor agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, and all electricity and gas utility fees and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters, except the sub-meters installed, at the sole cost of the landlord, for the after hours use of the HVAC system installed for the exclusive use of the 7th, 9th 10th and 11th floors. Lessee agrees to reimburse Lessor for the cost of electricity consumed for after hours use of the HVAC registered through these submeters and the submeters, installed through the Tenant Improvement allowance for the MCR data and telephone rooms. The reimbursement by Lessee shall be paid as additional rent and shall be billed monthly in the rears by the Lessor.

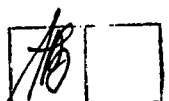
11. **LESSOR'S ACCESS:**

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

12. **DEFAULT:**

Default by Lessee

Lessee agrees that if default shall be made in the payment of rent in the manner



herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law. Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform or within such shorter period of time as may be specified herein. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period (or shorter period specified herein) and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph, other than its rights to give notice, until Lessee gives notice to any person who has requested in writing notice of Lessor's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

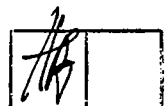
A. Request for Notice of Default

Lessor shall obtain prior to the Lessee's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Lessor, requesting that the County be notified of any Notice of Default filed by any of Lessor's lenders, to the address of County as specified in Section 15 of this lease.

B. Receipt of Notice

Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of:

1. The date of personal delivery to Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.
1. The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.



2. Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

13. ASSIGNMENT SUBLETTING:

Lessee shall have the right to assign this lease or sub-lease the Premises subject to Lessor's consent, which shall not be unreasonably withheld, so long as the intended use is consistent and compatible with the other tenancies within the building and/or surrounding buildings and upon the condition that the assignee or sub-lessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this lease required by Lessee to be paid or to be performed and is of equal or better credit in its rating. Lessee agrees to notify Lessor of any change in tenancy.

14. ALTERATIONS:

Lessor and Lessee agree not to make any structural alterations in or on the demised Premises without first securing the prior written consent of the other party or his lender and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the Lessee may make non-structural alterations without Lessor's prior written consent.

Any alterations installed by Lessee which are "trade fixtures as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease and Agreement

15. NOTICES:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

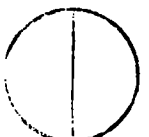
Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Commonwealth Enterprises
c/o Arthur Blech
600 Commonwealth Avenue, Suite 1250
Los Angeles, CA 90005

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012



with a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

16. **CONDEMNATION:**

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

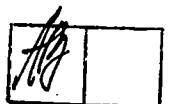
In the event of a partial taking of the structure, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date landlord receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Lessor shall notify Lessee in writing (1) of condemnation proceeding and (2) physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation, Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Lessor shall use his best effort to provide Lessee with four hundred fourteen (414) off-street in-and-out parking spaces located on site. Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of four hundred fourteen (414) spaces at all times shall entitle Lessee to cancel this Lease by giving Lessor fifteen (15) days' advance written notice of such cancellation.



17. INDEMNIFICATION AND INSURANCE REQUIREMENTS:

During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

A. Indemnification

Lessor shall indemnify, defend and hold harmless Lessee, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Lessor's ownership, repair, maintenance and other acts and/or omissions arising from and/or relating to the Premises.

Lessee shall indemnify, defend and hold harmless Lessor, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Lessee's use of the Premises.

B. Waiver:

Both the Lessee and Lessor each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

C. General Insurance - Lessor Requirements

Without limiting Lessor's indemnification of Lessee and during the term of this Lease, Lessor shall provide and maintain the programs of insurance set forth in Paragraph 17. D., Insurance Coverage Types and Limits - Lessor Requirements. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Lessee, and such coverage shall be provided and maintained at Lessor's own expense.

1. Evidence of Insurance.

Certificate(s) or other evidence of coverage satisfactory to Lessee shall be delivered to the Chief Administrative Office, Real Estate Division, 222 S. Hill Street, 4th floor, Los Angeles, CA 90012 Attn: Director of Real Estate upon execution of this Lease. Such certificates or other evidence shall:
Specifically identify this Lease. Clearly evidence all coverages required in this Lease.

- a. Contain the express condition that Lessee is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
- b. Include copies of the additional insured endorsement (ISO form CG 20 26) to the commercial general liability policy, adding the Lessee as an additional insured.
- c. Identify any deductibles or self-insured retentions exceeding \$25,000.

D. Failure to Maintain Coverage

Review of Insurance Requirements

The types of insurance and limits required under this Lease shall be reviewed annually by the Lessor or its representative. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to Lessee's approval. Insurance is to be provided by an



insurance company acceptable to Lessee with an A.M. Best rating of not less than A:VII, unless otherwise approved by Lessee.

Failure by Lessor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to Lessee shall constitute a material breach of the Lease pursuant to Paragraph 12. B., Default by Lessor. Alternatively, at its sole option, Lessee may purchase such required insurance coverage, and without further notice to Lessor, deduct any premium costs advanced by Lessee for such insurance from any rental payments next due to Lessor.

1. Insurance Coverage Types and Limits - Lessor Requirements:
General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Complete Operations Aggregate:	\$ 2 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

2. Commercial Property insurance Such insurance shall:

- a. Cover damage to Lessor's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and include Ordinance or Law coverage.
- b. Be written for the full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to the Lessor and be utilized for repair and restoration of the Premises. Failure by Lessor to use such insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease pursuant to Paragraph 12B, Default by Lessor.
- c. Include a Waiver of Subrogation in favor of Lessee.

- E. General Insurance - Lessee Requirements: During the term of this Lease, Lessee shall maintain a program of insurance coverage as described below. Lessee, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Lessor after execution of this Lease at Lessor's request.

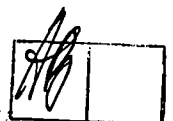
- F. Insurance Coverage Types and Limits - Lessee Requirements:
 1. General Liability coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Lessor shall be an Additional Insured (or its equivalent) with respect only to liability arising from Lessee's sole negligence in its use of the leased Premises.

18. TAXES:

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises



during the term of this lease or any renewal or holdover period thereof.

In the event Lessor fails or refuses to pay any or all of the taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent

19. BINDING ON SUCCESSORS:

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee.

20. PARKING SPACES:

Lessor at its sole cost and expense shall provide for the exclusive use by Lessee during the term of this Lease and Agreement or any renewal or holdover period as the case may be, a minimum of four hundred fourteen (414) off-street, in-and-out parking spaces located at the subterranean garage of the building at 600 Commonwealth Avenue. Tandem spaces will be included as long as lessor provides a parking attendant to direct the parking operation and the tandem design is consistent with County policy.

Lessor shall use his best effort to provide Lessee with four hundred fourteen (414) spaces at all times. If Lessor provides less than four hundred fourteen (414) spaces Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of three hundred thirty four (334) spaces at all times shall entitle Lessee to cancel this Lease and Agreement by giving Lessor fifteen (15) days advance written notice of such cancellation.

In addition to the parking spaces listed above, the Lessor will annually make available, through the term of the lease, and any extensions, three hundred sixty (360) all day parking passes, for the department to use for visitor parking.

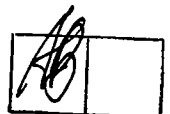
21. HAZARDOUS MATERIALS:

Definition:

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

Warranties and Representations Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulation.

Lessee hereby warrants and represents that it shall comply with all federal, state



and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

Notice

Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

Indemnity

Lessor agrees to indemnify, defend and save Lessee, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Lessee.

Lessee agrees to indemnify, defend, and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.

The indemnity provided each party by this provision shall survive the termination of this Lease.

Default

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's reasonable and independent environmental review, which reviewers are chosen by the Lessee but at the sole cost of the Lessor, shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

Operating Costs

Costs incurred by Lessor as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

Asbestos Notification

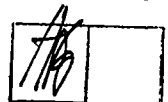
Lessor agrees to notify (County/Lessee) at least annually of Lessor's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is part. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.

Indoor Air Pollution Notification Lessor represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) he Lessor will deliver to Lessee/County copies of any such complaints received; c) to the best of his Lessor's knowledge there are no indoor air pollution and/or air quality problems in the building; and d) he Lessor will notify Lessee/County if any indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at his Lessor's sole cost and expense.

22. GENERAL PROVISIONS:

A. Waiver

The waiver by Lessor or Lessee of any term, covenant or condition herein contained



shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. Marginal Headings

The paragraph titles in this Lease are not a part of this lease thereof and shall have no effect upon the construction or interpretation of any part hereof.

C. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. Recordation

This lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease attached to this Lease as Exhibit "E". The Memorandum of Lease shall be recorded with the Los Angeles County Recorder at Lessee's expense.

Lessee shall, within thirty (30) days of the lease termination, upon Lessor's request, execute and deliver to Lessor a quitclaim deed to the Premises, in recordable form, designating Lessor as Transferee. The quitclaim deed may be executed by the Chief Administrative Officer of the County of Los Angeles or his designee.

E. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

G. Force Majeure

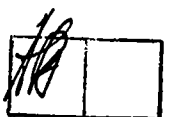
In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. Severability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

I. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.



J. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. Warranties or Guarantees

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Paragraph 9 herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

L. Impairment of Title

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

M. Construction

Any and all construction pertaining to this Lease and Agreement by Lessor or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

N. Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee, pursuant to the laws of the State of California.

O. Community Business Enterprise

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "C", at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Agreement.

P. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.



23. WARRANTY OF AUTHORITY:

Each of the undersigned signatories for the Lessor thereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

24. ESTOPPEL CERTIFICATE:

Either party shall at any time upon not less than thirty(30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

25. ASSIGNMENT BY LESSOR:

Lessor may assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in subparagraphs B and D below are met.

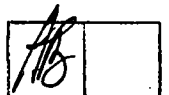
Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section 25 shall be void.

Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements or Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.

Violation by Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Agreement, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire term of this agreement, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.

Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

Lessor shall not furnish any information concerning County or the subject matter of



this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this subparagraph E.

The provisions of this Paragraph 25 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section 25 Lessor is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

26. CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

27. RENTAL ADJUSTMENTS:

A. Adjustment Period

Beginning January 2006, and in the event Lessee exercises its option pursuant to Paragraph 2(b) for each successive twelve (12) month period thereafter, the monthly Base Rental as set forth in Paragraph 3 shall be subject to adjustment. At the first anniversary date of the first day of the first full calendar month after December 31, 2005 and every twelve months thereafter, the rent shall be adjusted in accordance with the CPI formula set forth in Paragraph 27B. The "Base Index" shall be the Index published for the month the Lease commences.

B. Adjustment Formula

The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as "Index".

The rental adjustment for the term ending December 31, 2005 shall be calculated by multiplying the Lessor's base rent by a fraction, the numerator being the New Index published in the month immediately preceding the month the adjustment is effective, and the denominator being the Base Index which is the Index published for the month the Lease commences then add or subtract to the total result the amount needed to amortize Lessee's additional tenant improvements plus change order costs, if any. The rental adjustment for the successive twelve month periods thereafter shall be calculated by multiplying the Lessor's previous years base rent by a fraction, the numerator being the New Index published in the month immediately preceding the month the adjustment is effective, and the denominator being the Base Index which is the Index published for the month the Lease commences then add or subtract to the total result the amount needed to amortize Lessee's additional tenant improvements plus change order costs, if any. The formula shall be as follows:

$\frac{\text{New Index}}{\text{Base Index}}$	X	\$160,278.76	= New Monthly Rent
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Second year adjustment is calculated by the previous year monthly base rent, i.e. \$160,278.76 + CPI = the new monthly base rent. This formula shall apply for each subsequent year of the lease.

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the Lease, the Index shall be

converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions:

In no event shall the monthly rent adjustment based upon the CPI formula set forth in this Paragraph 19 result in an annual increase greater than four percent (4%) per year of the previous years monthly base year rent. In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

28. SOLICITATION OF CONSIDERATION:

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of the lease or that the Lessor's failure to provide such consideration may negatively affect the County's consideration of the Lessor's submission. A Lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

29. LIMITATION OF AUTHORITY:

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

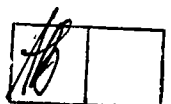
No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**

30. TENANT IMPROVEMENTS

Tenant Improvement Allowance:

Lessor within ten (10) days after receipt of a duly executed copy of this Lease document and County-approved preliminary plans, will, at its own expense, cause a licensed California architect to prepare final working drawings and specifications for



the proposed interior tenant improvements which are to be provided by Lessor up to a maximum cost of \$2,520,315 (\$35.00 per square foot) as estimated by Lessor.

Additional Tenant Improvement Allowance:

In the event that the tenant improvement cost exceeds \$2,520,315 (\$35.00 per square foot), Lessee may authorize Lessor after review of estimates and written approval of the Chief Administrative Officer to pay the overage up to a maximum total of \$3,960,495 (\$55.00 per square foot), including the base allowance. Lessee agrees to reimburse Lessor for tenant improvement cost above \$35.00 per square foot, and will amortize said cost at the rate of 6% per annum over the lease term. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "F" with the right to audit these costs for a period of Twenty-four months from the date of commencement of the term of this Lease.

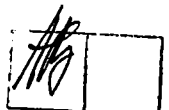
In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

The working drawings are to be prepared in accordance with preliminary plans and specifications No. _____ dated _____, 19____ and No. _____ dated _____. Said Plans and Specifications are also on file with the Chief Administrative Office and identified as Exhibit "H" and incorporated herein by reference thereto and Lessor has a duplicate copy. Lessor shall provide any final working drawings required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Lessor shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements on a CAD system basis, together with the existing plans, if any, showing the locations of any underground utility lines and their depth.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Lessor's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor shall submit a minimum of two bids for the construction of the tenant improvements to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system



conversion shall be performed at the sole cost and expense of Lessor.

B. Completion:

The parties agree that the estimated time for completion of said tenant improvements is 180 days from the date of issuance of the building permit based on the Construction Schedule attached herewith as Exhibit "G". Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Additionally, Lessor shall complete the telephone equipment room(s) including permanent power and HVAC in compliance with the plans and specifications referenced above as Exhibit "H" at least thirty (30) days prior to the estimated completion date. During this thirty (30) day period, the Lessor shall be responsible for any telephone/data equipment delivered to the site for programming prior to the completion date.

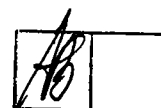
Completion may be delayed by:

1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

C. Discretionary Tenant Improvement Allowance:

Lessee may authorize Lessor after review of estimates and written approval of the Chief Administrative Officer only to pay the overage up to a maximum total of \$4,320,540 (\$60.00 per square foot), including the base allowance and Additional Tenant Improvement Allowance. Lessee agrees to reimburse Lessor for tenant improvement cost above \$35.00 per square foot, and will amortize said cost at the rate of 6% per annum over the lease term. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "F" with the right to audit these costs for a period of Twenty-four months from the date of commencement of the term of this Lease.

D. Additional Furniture Allowance: \$1,500,000



Additional Furniture Allowance:
Amortization Rate:

Payable to Landlord in a lump sum payable within Twenty-five (25) days after the later of: (i) the Commencement Date; or (ii) delivery by Landlord to Tenant of a final invoice for the Additional Furniture Allowance.

Tenant may opt to finance the lump-sum payment for the Additional Tenant Furniture Allowance through lease-purchase financing with a third-party lessor (Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a creditor, Landlord expressly agrees as follows:

The Personal Property shall not become part of the realty or Real Property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

This section shall be binding on the representatives, successors and assigns of all parties hereto and shall enure to the benefit of the successors-in-interest to all parties hereto.

Landlord does hereby waive any right to gain possession of any of personal property during term of this Lease.

- D. If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:

- (1) Cancel the Lease upon thirty (30) days written notice to Lessor; or
- (2) Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

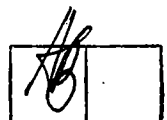
(a) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the tenant improvements and for any other purposes reasonably related thereto;

(b) rent shall be reduced by Lessee's total expense in making the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of 6%. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over 10 years.

31. ALTERATION/PREPARATION OF PREMISES

Lessor within ten (10) days after receipt of a duly executed copy of this Lease document and County-approved preliminary plans, will, at its own expense, cause a licensed California architect to prepare final working drawings and specifications and install an access ramp at front entrance of the building in compliance with Title 11 of the Americans with Disabilities Act.

Additionally, Lessor will at its own expense, cause a licensed Contractor to prepare final working drawings and specifications and install additional after hours HVAC



systems for use on the entire 7th, 9th, 10th and 11th floors, including electrical submeters if necessary. Paint and carpet, per County specifications, the entire 8th floor and suites 1910 and 1920 and install two bathrooms on the nineteenth floor.

32. TERMINATION OF EXISTING LEASE AGREEMENTS:

Lessor and Lessee mutually agree that upon commencement of this Lease, lease agreements No. 74491 (suite 1260 encompassing 4,780 rentable square feet), 71062 (suites 1910 & 1920 encompassing 7,630 rentable square feet) and Lease No. 60365 (encompassing floors 2, 6 & 8; i.e. 53,180 rentable square feet) shall terminate.

33. IRREVOCABLE OFFER:

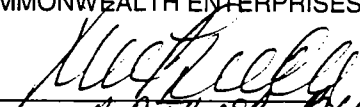
In consideration for the time and expense that County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County under the terms of this lease offer, the Lessor irrevocably promises to keep this offer open until March 30, 2005.



IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

COMMONWEALTH ENTERPRISES

By 
Name: ARTHUR BLECH
Title: OWNER 3/2/05

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors


COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Chair, Board of Supervisors

APPROVED AS TO FORM:

OFFICE OF THE COUNTY COUNSEL

By 
Principal Deputy: Francis E. Scott

(600commonwealth.lease)
(12/14/04)

EXHIBIT "A"

LEGAL DESCRIPTION

600 COMMONWEALTH AVENUE
LOS ANGELES, CALIFORNIA

Legally described as lots 20-24 and those portions of lots 1-5, Block 25, South half of the West End University pages 59 and 60, of Miscellaneous Records, in the office of the Registrar Recorder of said County, lying westerly of a straight line extending from the northeast corner of said lot 1 to the southeast corner of said lot 20.



EXHIBIT "B"

CLEANING AND MAINTENANCE SCHEDULE

This list reflects the various cleaning and maintenance requirements for the leased office space. Responsibility for this cleaning and maintenance service belongs to the Lessor.

Daily (Monday through Friday)

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Waste baskets, other trash receptacles emptied.
4. Chairs and waste baskets returned to proper position.
5. Fingerprints removed from glass doors and partitions.
6. Drinking fountains cleaned, sanitized and polished.
7. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
8. Bulb and tube replacements, as required.
9. Graffiti expunged as needed within two (2) working days after notice by Lessee.
10. Floors washed as needed.
11. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

Weekly

1. Low-reach areas, chair rungs, baseboards and insides of door-jambs dusted.
2. Window sills, ledges and wood paneling and molding dusted.

Monthly

1. Floors washed and waxed in uncarpeted office area.
2. High-reach areas, door frames and tops of partitions dusted.
3. Picture moldings and frames dusted.
4. Wall vents and ceiling vents vacuumed.

Quarterly

1. Draperies or mini blinds cleaned as required, but not less frequently than Quarterly.

Semi-Annually

1. Windows washed as required inside and outside but not less frequently than twice annually.

As Needed

Carpets cleaned as required. The sidewalks, driveways, parking areas and all means of access and egress for the demised Premises should be maintained in good repair, clean and safe condition at all times.

All lawns, shrubbery and foliage on the grounds of the demised Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

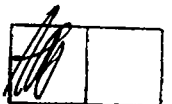


EXHIBIT C - COMMUNITY BUSINESS ENTERPRISE FORM

INSTRUCTIONS: All Lessors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

*Corporation, Partnership, etc.

A. MINORITY/WOMEN PARTICIPATION IN FIRM

	OWNERS PARTNER	ASSOCIATE PARTNERS	MANAGER	STAFF	TOTAL
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
TOTAL					
Women*					

*Should be included in counts above and reported separately

B. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
TOTAL		
Women*		

*Should be included in counts above and reported separately

C. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

	Yes	No	
State of California?			
City of Los Angeles?			
Federal Government?			

D. WE DO NOT WISH TO PROVIDE IN THIS FORM.

Initial here if applicable	Initial	
SIGNED:		
TITLE:		
DATE		

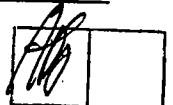


EXHIBIT "D"

MEMORANDUM OF COMMENCEMENT DATE

This Agreement is dated this _____ day of _____, 2004, for reference purposes only, by and between Lessor, COMMONWEALTH ENTERPRISES and Lessee, COUNTY OF LOS ANGELES.

1. The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Lessor to Lessee of the building located at _____ ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) That all construction by Lessor, if any, required to be done pursuant to the terms of the Lease has been completed in all respects subject to any remaining punchlist items;

(b) That Lessee has accepted possession of the Premises and now occupies the same; and

(c) That the term of the Lease commenced _____.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

COMMONWEALTH ENTERPRISES

By _____
Name: _____
Title: _____

Lessee:

COUNTY OF LOS ANGELES

By _____
Chuck W. West, CCIM, Esq.
Director of Real Estate



EXHIBIT "E"

MEMORANDUM OF LEASE

RECORDING REQUESTED:
THE COUNTY OF LOS ANGELES

WHEN RECORDED MAIL TO:
Chief Administrative Office
Leasing and Space Management
222 South Hill Street, 4th floor
Los Angeles, CA 90012

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between COMMONWEALTH ENTERPRISES, (the "Lessor"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Lessee") who agree as follows:

Lessor and Lessee have entered into that certain Lease and Agreement dated as of _____, (the "Lease"). Pursuant to the Lease, the Lessor has leased to the Lessee real property located at 600 Commonwealth Avenue, Los Angeles, in the County of Los Angeles, State of California, commencing on _____, and ending on _____, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Lessor shall be responsible for providing full services during the term of the Lease, subject to the terms and conditions of the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

LESSOR:

COMMONWEALTH ENTERPRISES

By: _____

Name: _____

Dated: _____, 2005

LESSEE:

COUNTY OF LOS ANGELES

Chuck W. West
Director of Real Estate

Dated: _____, 2005



EXHIBIT "H"

WORK LETTER

This WORK LETTER ("Work Letter") pertains to the construction of tenant improvements as provided in Lease, between Commonwealth Enterprises ("Lessor") and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee"), in connection with the Premises located at 600 Commonwealth Avenue, Los Angeles:

1. The purpose of this Work Letter is to set forth how the Tenant Improvements (as defined in Section 8 below) in the Premises are to be constructed, who will undertake the construction of the Tenant Improvements, who will pay for the construction of the Tenant Improvements, and the time schedule for completion of the construction of the Tenant Improvements. The provisions of the Lease, except where clearly inconsistent or inapplicable to this Work Letter as it relates to Tenant Improvements, are incorporated into this Work Letter.

2. Preparation of Plans; Construction Schedule and Procedures. Delivery of all plans and drawings referred to in this Section 2 shall be by messenger service or personal hand delivery, unless otherwise agreed by Lessor and Lessee. Lessor shall arrange for the construction of the Tenant Improvements in accordance with the following schedule:


(a) Selection of Architect and Engineer. Lessor shall on or before April 1, 2005, solicit at least three (3) proposals from qualified licensed architects ("Architect")/engineers ("Engineer,") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings. The Architect and the Engineer shall be selected by Lessor subject to Lessee's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Lessor has submitted the name of the Architect and the Engineer to Lessee along with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Lessee and written consent has been delivered to and received by Lessor.

(b) Base Building Plans. Prior to the execution of the Lease, Lessors has submitted instructions and building plans and specifications representing the "as built" premises in an Autocad 2000 format ("Base Building Plans") to Lessee sufficient to allow Lessee to complete a Space Plan and specification (as defined in Subsection (c) below). In the event that Lessee incurs increased costs because of incomplete plans, such increased costs will be reimbursed to Lessee by Lessor, and any delay caused thereby shall be deemed to constitute a Lessor Delay.

(c) Preparation and Approval of Space Plan. Lessee shall submit to the Architect and Lessor an executed Space Plan and specification for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room ("Space Plan").

Lessee shall submit to Lessor the Space Plan for Lessor's review and approval. Within fifteen (15) days after Lessor receives the Space Plan, Lessor shall either approve or disapprove the Space Plan for reasonable and material reasons (such as but not limited to the following: (i) adverse effect on the Building Structure; (ii) possible damage to the Building Systems; (iii) non-compliance with applicable codes; (iv) effect on the exterior appearance of the Building or (v) unreasonable interference with the normal and customary business operations of other tenants in the Building (each, a "Design Problem") and return the Space Plan to Lessee. In such event, Lessor shall require, and Lessee shall make the minimum changes necessary in order to correct the Design Problems and shall return the Space Plan to Lessor, which Lessor shall approve or disapprove within fifteen (15) day

dated _____ Work Letter

after Lessor receives the revised Space Plan. This procedure shall be repeated until the Space Plan is finally approved by Lessor and written approval has been delivered to and received by Lessee. The Space Plan may be submitted by Lessee in one or more stages and at one or more times, and the time periods for Lessor's approval shall apply with respect to each such portion submitted.

(d) Preparation and Approval of Working Drawings. Within thirty (30) days of the date the Space Plan is finally approved by Lessor, the "Plan Approval Date", or the date the Lease is approved by the Board of Supervisors, whichever date later occurs, Lessor shall commence with the preparation of Working Drawings by the Architect, the "Working Drawings", which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined in Subsection (e) below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. Such Working Drawings must incorporate such items as have been specified by Lessor as required for use in the Building, as set forth in Schedule 2 attached to this Work Letter. The Working Drawings may be submitted in one or more stages and at one or more times.

Lessor shall provide Lessee the Working Drawings, or such portion as has from time to time been submitted, for review. However, Lessor shall be solely responsible to approve the Working Drawings ensuring that such drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

(e) Preparation and Approval of Engineering Drawings. Lessor shall cause the Architect/Engineer, to coordinate all engineering drawings prepared by the designated Engineer, or subcontractors showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times, for Lessee's review.

(f) Integration of Working Drawings and Engineering Drawings into Final Plans. After Lessee has reviewed and Lessor has approved the Engineering Drawings, Lessor shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Lessee.

(g) Schedule. Within twenty (20) days of the Plan Approval Date, Lessor shall submit a detailed construction schedule, subject to approval by Lessee which approval shall not be withheld provided the schedule conforms to the Construction Schedule attached to the Lease as Exhibit "F", outlining date specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings including respective engineered drawings; submission of plans to local jurisdiction for review; issuance of building permit; submission of plans to contractors for bidding; award of construction contract; construction commencement; construction completion; projected move in date; etc... As the project continues, Lessor shall amend the schedule to reflect any changes to the projected dates.

(h) Budget. As provided in Section 9, Lessor shall prepare the Preliminary Construction Budget for Lessee's review within sixty (60) days of the working drawing Approval Date in substantially the form attached as Schedule 3 (or in other form in compliance with Construction Specifications Institute (CSI), to be updated weekly until the completion of the tenant improvements and acceptance thereof by Lessee.

(3) Commencement Date. The "Commencement Date" shall have the definition set forth in Paragraph 2 of the Lease.

dated _____ Work Letter



(a) Rental Payment Effective Date. Notwithstanding the actual Commencement Date, the payment of rent may be delayed or accelerated, as the case may be, by one (1) day for each day of delay in the design of or Lessee's move-in into the Premises that is caused by any Force Majeure Delay or Lessor Delay or Lessee Delay. No Lessor Delay, Force Majeure Delay or Lessee Delay shall be deemed to have occurred unless and until the party claiming such delay has provided written notice to the other party specifying the action or inaction that such notifying party contends constitutes a Lessor Delay, Force Majeure Delay or Lessee Delay, as applicable. If such actions or inaction is not cured, or disputed in writing by the other party, within five (5) business days after receipt of such notice, then a Lessor Delay, Force Majeure Delay or Lessee Delay, as set forth in such notice, shall be deemed to have occurred commencing as of the date such notice is received and continuing for the number of days the design of the Tenant Improvements and/or Lessee's move-in into the Premises was in fact delayed as a direct result of such action or inaction.

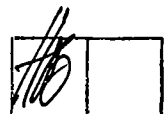
(4.) Delay

(i) Lessee Delay. The term "Lessee Delay" as used in the Lease or this Work Letter shall mean any delay that Lessor may encounter in the performance of Lessor's obligations under this Work Letter because of any act or omission of any nature by Lessee or its agents or contractors, including any: (1) delay attributable to changes in or additions to the Final Plans (as defined in Section 2(f) above or to the Tenant Improvements requested by Lessee; (2) delay attributable to the postponement of any Tenant Improvements at the request of Lessee; (3) delay by Lessee in the submission of information or the giving of authorizations or approvals within the time limits set forth in this Work Letter; and (4) delay attributable to the failure of Lessee to pay, when due, any amounts required to be paid by Lessee pursuant to the Lease or this exhibit.

(ii) Force Majeure Delay. The term "Force Majeure Delay" as used in the Lease or this Work Letter shall mean any delay incurred by Lessee in the design of its Tenant Improvements or its move-in into the Premises attributable to any: (1) actual delay or failure to perform attributable to any strike, lockout or other labor or industrial disturbance (whether or not on the part of the employee of either party hereto), civil disturbance, further order claiming jurisdiction, act of public enemy, war, riot, sabotage, blockade, embargo; (2) delay due to changes in any applicable laws (including, without limitation, the ADA), or the interpretation thereof; or (3) delay attributable to lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion, unavailability of Construction materials, a Power outage or any other similar industry wide or Building-wide cause beyond the reasonable control of the party from whom performance is required, or any of its contractors or other representatives. Any prevention, delay or stoppage due to any Force Majeure Delay shall excuse the performance of the party affected for a period of time equal to any such prevention, delay or stoppage (except the obligations of Lessor to timely pay contractor).

(iii) Lessor Delay. The term "Lessor Delay" as used in the Lease or this Work Letter shall mean any delay in the design of the Tenant Improvements or the Substantial completion of the Premises which is due to any act or omission of Lessor (wrongful, negligent or otherwise), its agents or contractors (including acts or omissions while acting as agent or contractor for Lessee). The term Lessor Delay shall include, but shall not be limited to any: (1) delay in the giving of authorizations or approvals by Lessor; (2) delay attributable to the acts or failures to act, whether willful, negligent or otherwise, of Lessor, its agents or contractors; (3) delay attributable to the interference of Lessor, its agents or contractors with the design of the Tenant Improvements or the failure or refusal of any such party to permit Lessee, its agents or contractors, access to and priority use of the Building or any Building facilities or services, including hoists, freight elevators, passenger elevators, and

dated _____ Work Letter

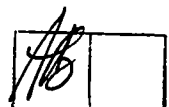


loading docks, which access and use are required for the orderly and continuous performance of the work necessary for Lessee to complete its move-in into the Premises; (4) Lessor's failure to complete all telecommunication rooms within the newly acquired space (including painting, floor covering, lighting, conduit access, permanent power and HVAC systems) and installation of Lessee's tel/com cabling (if such work is required pursuant to the Lease), serving the Premises at least thirty (30) days prior to the Commencement Date; (5) delay attributable to Lessor giving Lessee incorrect or incomplete Building Requirements or Base Building Plans, or revisions made to such Building Requirements or Base Building Plans subsequent to the delivery of such items to Lessee (collectively, "Incomplete Plans") in either case, in addition to such delay being deemed a Lessor Delay, Lessor shall increase the Tenant Improvement Allowance by an amount sufficient to reimburse Lessee for the increased costs incurred by Lessee as a result thereof; (6) delay attributable to Lessor's failure to allow Lessee sufficient access to the Building and/or the Premises during the Construction Period to move into the Premises over one (1) weekend prior to the commencement of rent; (7) delay by Lessor in administering and paying when due the Tenant Improvement Allowance accepting the result of a bonafide dispute (in which case, in addition to such delay being deemed a Lessor Delay, Lessee shall have the right to stop the construction of the Tenant Improvements); (8) delay caused by the failure of the Base Building to comply with the ADA or any other improvements required to be performed by Lessor in order for the Premises to comply with the provisions detailed in Schedule 1 attached hereto (in which case, in addition to such delay being deemed a Lessor Delay, the required work shall not be considered as part of the Tenant Improvement Allowance and all required work shall be completed at Lessor's sole cost an expense); (9) power outages outside of the control of the Lessor; and (10) lessors inability to acquire construction supplies due to supplier shortage or strike.

Furthermore, if during the course of construction, building defects are discovered that would otherwise not have been discovered by a reasonably diligent inspection of the Premises at the time construction commenced, and a change to the construction contract is generated as a result thereof, any delay in the completion of the project as a result thereof shall not be considered a Lessor delay, however, the ensuing delay shall not be credited towards the Grace Period provided to Lessee.

(5) Substantially Complete. The term "Substantially Complete" or "Substantial Completion" as used in this Work Letter shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the Building Systems are operational to the extent necessary to service the Premises; (2) Lessor has sufficiently completed all the work required to be performed by Lessor in accordance with this Work Letter including the installation of modular furniture systems, if so required by the Lease, (except minor punch list items which Lessor shall thereafter promptly complete) such that Lessee can conduct normal business operations from the Premises; (3) Lessor has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent (except to the extent delayed by any Lessee Delay); (4) Lessee has been provided with the number of parking privileges and spaces to which it is entitled under the Lease; (5) Lessee has been delivered, at least 30 days prior to the Commencement Date, reasonable access to the Premises (and other required portions of the Building and the Site including the completion of all telecommunications rooms power and HVAC that serve the telecommunications room) sufficient to allow Lessee to install its freestanding work stations, (unless such installation is part of the modular workstations to be installed by Lessor pursuant to the Lease) fixtures, furniture, equipment, and telecommunication and computer cabling systems (unless installation of telecommunication cabling is Lessor's responsibility pursuant to the Lease) and to move

dated _____ Work Letter



into the Premises over one (1) weekend and, (6) In the event lessor is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

In the event that the use of the freight elevators and/or hoists is not sufficient to meet Lessee's requirements, Lessor shall cause to be made operational (a) temporary construction elevator and hoist, or (b) Lessee shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Lessee in the installation of Lessee's fixtures, furniture and equipment. In no event shall Lessee's remedies or entitlements for the occurrence of a Lessor Delay be abated, deferred, diminished or rendered inoperative because of a prior, concurrent, or subsequent delay resulting from any action or inaction of Lessee.

6. Representatives. Lessee has designated Thomas Shepos as its sole representative with respect to the matters set forth in the Work Letter, who until further notice to Lessor, shall have the full authority and responsibility to act on behalf of Lessee as required in this Work Letter. Lessor has designated Arthur Blech, whose mailing address for purposes of any notices to be given regarding matters pertaining to this Work Letter only is listed in Paragraph 15, Page 7 of lease, as its sole representative with respect to the matters set forth in the Work Letter, who until further notice to Lessee, shall have the full authority and responsibility to act on behalf of Lessor as required in this Work Letter during the period of construction of the Tenant Improvements.

7. Contractor and Review of Plans.

(a) Selection of SubContractor. Lessor shall select subcontractors which are selected pursuant to a procedure whereby the Final Plans and a construction contract approved by Lessee are submitted to subcontractors, selected by Lessor and approved by Lessee, sufficient in number so that a minimum of two (2) bids are received and who are requested to each submit a fixed price contract bid price (on such contract form as Lessor shall designate) to construct the Tenant Improvements designated on the Final Plans, to Lessor. Lessor and Lessee, after adjustments for the inconsistent assumptions to reflect an "apples to apples" comparison, shall select the most qualified bidder offering the lowest price and such subcontractor ("Contractor") shall enter into a construction contract with Lessor, or his Contractor consistent with the terms of the bid to construct the Tenant Improvements ("Construction Contract").

(b) Actual Review Costs. Lessor shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. Furthermore, Lessee shall not pay to Lessor any fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements unless Lessor, as part of its original offer to Lease, has revealed the fees attributable to project management.

(c) Meetings: Lessor shall immediately identify a time and date for the purposes of holding weekly construction meetings that is mutually acceptable to all parties. During the course of construction, meeting shall be held at least once per week, unless Lessee directs otherwise.

8. Tenant Improvements. The term "Tenant Improvements" shall mean all improvements shown in the Final Plans as integrated by the Architect, and, to the extent specified in the Final Plans, all signage, built-ins, related cabinets and reception desks, to the extent specified in the millwork or comparable contracts, all telecommunication equipment and related wiring, and all carpets and floor coverings, but, except as provided above, Tenant Improvements shall not include any personal property of Lessee.

9. Tenant Improvement Allowance.

____ Work Letter
dated



9. Tenant Improvement Allowance.

Amounts.

Base Building Compliance: Lessors sole cost and expense

Any work, including construction, that Lessor must undertake to (1) obtain the necessary jurisdictional approvals for a Certificate of Occupancy including amounts required to be expended to cause the Premises to comply with the access requirements of the ADA, and; (2) make existing building systems pursuant to Schedule 1, attached hereto, including but not limited to electrical service and HVAC equipment fully operational for the proposed office occupancy, shall be at Lessor's sole cost and expense. Furthermore, the Tenant Improvement Allowance shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease including all expenses associated with curing any such "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere.

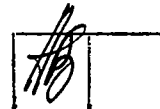
Base Tenant Improvement Allowance:	\$2,520,325.00
Additional Tenant	
Improvement Allowance:	\$1,440,180.00
<u>Discretionary Tenant</u>	
Improvement Allowance:	\$ 360,045.00
Furniture Allowance	\$1,500,000.00
Change Orders:	\$ _____ .00
Total Allowances	\$ 5,820,550.00

Not more than sixty (60) days from the date of Lessor's receipt of Lessee's Space Plan, Lessor shall make every reasonable effort to submit to Lessee a detailed budget, the "Preliminary Construction Budget", in a format similar to Schedule 3 attached hereto. Said budget shall be revised within ten (10) days of the date the contractor is selected, the "Final Construction Budget". Lessee shall have five (5) days from the date of Lessee's receipt of said budget to approve or disapprove the Final Construction Budget. Construction shall not begin until such time as Lessee indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from the Lessee.

10. Life-Fire Safety Codes/Disabled Access Codes/Earthquake Safety Codes. In the event that, because the Premises and/or the Building as initially constructed do not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, Lessee incurs increased design or construction costs that it would not have incurred had the Premises and/or the Building already been in compliance with the applicable life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, applicable to new construction, such increased costs or such costs shall not included in the calculation of tenant improvements attributable to Lessee's allowances and Lessee' shall have no financial responsibility for such costs. Any delay in the design or construction of the Tenant Improvements or Tenant's move-in into the Premises because of the non-compliance of the Building and/or Premises with the applicable life-fire safety codes and disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes shall constitute a Lessor Delay.

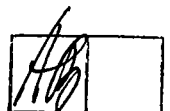
11. Lessor to Construct Base Building. Lessor hereby agrees that the Base Building shall include the items set forth in the "Base Building Description" attached hereto as Schedule 1 and shall otherwise be in accordance with the Base Building Plans, and the cost to bring the Building into compliance thereof shall not be included in the Tenant

_____ Work Letter
dated



as long as the Building, when constructed, will be comparable in appearance, design, efficiency, and quality as the building initially described in the Base Building Plans.

_____ Work Letter
dated



**SCHEDULE 1
BASE BUILDING DESCRIPTION**

The building is a completed building and is presently being occupied by the County Department of Health Services in approximately 66,583 square feet of the building. The County is negotiating to lease the additional 34,379 square feet of built out office space. Lessor either has, or shall, supply, furnish, install and finish the tenant improvements requested in the County specifications in compliance with all applicable laws (including, without limitation, the ADA), regulations and building codes, which shall be included in the Tenant Improvement Allowances.

The County, unless otherwise specified to be Lessor's responsibility, as Lessee, will supply the following:

- All telecommunication and data design, wiring, equipment and installation.
- Panic Alarm System design, wiring, equipment and installation.
- CCTV cameras only (Installation by Lessor).
- Checkpoint entry programming, card readers and final hookup at system end (Installation by Lessor).
- All computer and computer related equipment and installation.
- All mail room furnishings and equipment.
- Security equipment and installation except as noted above.
- All electronic units providing: (Please specify, if any required)

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**SCHEDULE 2
BUILDING STANDARD TENANT IMPROVEMENT ITEMS
[*To Be Provided By Landlord*]**

All items listed below, except those items which are preceded by an asterisk (*), may be substituted for items of equal or higher quality at Tenant's election, and Tenant shall receive a credit toward the costs of such substituted items equal to the costs that would have been incurred for the items listed below.

_____ Work Letter
dated

AB